

625 ILCS 5/7-317

Sec. 7-317. "Motor vehicle liability policy" defined.

(a) Certification. --A "motor vehicle liability policy", as that term is used in this Act, means an "owner's policy" or an "operator's policy" of liability insurance, certified as provided in Section 7-315 or Section 7-316 as proof of financial responsibility for the future, and issued, except as otherwise provided in Section 7-316, by an insurance carrier duly authorized to transact business in this State, to or for the benefit of the person named therein as insured.

(b) Owner's Policy. --Such owner's policy of liability insurance:

1. Shall designate by explicit description or by appropriate reference, all motor vehicles with respect to which coverage is thereby intended to be granted;
2. Shall insure the person named therein and any other person using or responsible for the use of such motor vehicle or vehicles with the express or implied permission of the insured;
3. Shall insure every named insured and any other person using or responsible for the use of any motor vehicle owned by the named insured and used by such other person with the express or implied permission of the named insured on account of the maintenance, use or operation of any motor vehicle owned by the named insured, within the continental limits of the United States or the Dominion of Canada against loss from liability imposed by law arising from such maintenance, use or operation, to the extent and aggregate amount, exclusive of interest and cost, with respect to each motor vehicle, of \$20,000 for bodily injury to or death of one person as a result of any one accident and, subject to such limit as to one person, the amount of \$40,000 for bodily injury to or death of all persons as a result of any one accident and the amount of \$15,000 for damage to property of others as a result of any one accident.

(c) Operator's Policy. --When an operator's policy is required, it shall insure the person named therein as insured against the liability imposed by law upon the insured for bodily injury to or death of any person or damage to property to the amounts and limits above set forth and growing out of the use or operation by the insured within the continental limits of the United States or the Dominion of Canada of any motor vehicle not owned by him.

(d) Required Statements in Policies. --Every motor vehicle liability policy must specify the name and address of the insured, the coverage afforded by the policy, the premium charged therefor, the policy period, and the limits of liability, and shall contain an agreement that the insurance thereunder is provided in accordance with the coverage defined in this Act, as respects bodily injury and death or property damage or both, and is subject to all the provisions of this Act.

(e) Policy Need Not Insure Workers' Compensation. --Any liability policy or policies issued hereunder need not cover any liability of the insured assumed by or imposed upon the insured under any workers' compensation law nor any liability for damage to property in charge of the insured or the insured's employees.

(f) Provisions Incorporated in Policy. --Every motor vehicle liability policy is subject to the following provisions which need not be contained therein:

1. The liability of the insurance carrier under any such policy shall become absolute whenever loss or damage covered by the policy occurs and the satisfaction by the insured of a final judgment for such loss or damage shall not be a condition precedent to the right or obligation of the carrier to make payment on account of such loss or damage.
2. No such policy may be cancelled or annulled as respects any loss or damage, by any agreement between the carrier and the insured after the insured has become responsible for such loss or damage, and any such cancellation or annulment shall be void.
3. The insurance carrier shall, however, have the right to settle any claim covered by the policy, and if such settlement is made in good faith, the amount thereof shall be deductible from the limits of liability specified in the policy.
4. The policy, the written application therefor, if any, and any rider or endorsement which shall not conflict with the provisions of this Act shall constitute the entire contract between the parties.

(g) Excess or Additional Coverage. --Any motor vehicle liability policy may, however, grant any lawful coverage in excess of or in addition to the coverage herein specified or contain any agreements, provisions, or stipulations not in conflict with the provisions of this Act and not otherwise contrary to law.

(h) Reimbursement Provision Permitted. --The policy may provide that the insured, or any other person covered by the policy shall reimburse the insurance carrier for payment made on account of any loss or damage claim or suit involving a breach of the terms, provisions or conditions of the policy; and further, if the policy shall provide for limits in excess of the limits specified in this Act, the insurance carrier may plead against any plaintiff, with respect to the amount of such excess limits of liability, any defense which it may be entitled to plead against the insured.

(i) Proration of Insurance Permitted. --The policy may provide for the pro-rating of the insurance thereunder with other applicable valid and collectible insurance.

(j) Binders. --Any binder pending the issuance of any policy, which binder contains or by reference includes the provisions hereunder shall be sufficient proof of ability to respond in damages.

(k) Copy of Policy to Be Filed with Department of Insurance--Approval. --A copy of the form of every motor vehicle liability policy which is to be used to meet the requirements of this Act must be filed, by the company offering such policy, with the Department of Insurance, which shall approve or disapprove the policy within 30 days of its filing. If the Department approves the policy in writing within such 30 day period or fails to take action for 30 days, the form of policy shall be deemed approved as filed. If within the 30 days the Department disapproves the form of policy filed upon the ground that it does not comply with the requirements of this Act, the Department shall give written notice of its decision and its reasons therefor to the carrier and the policy shall not be accepted as proof of financial responsibility under this Act.

(l) Insurance Carrier Required to File Certificate. --An insurance carrier who has issued a motor vehicle liability policy or policies or an operator's policy meeting the requirements of this Act shall, upon the request of the insured therein, deliver to the insured for filing, or at the request of the insured, shall file direct, with the Secretary of State a certificate, as required by this Act, which shows that such policy or policies have been issued. No insurance carrier may require the payment of any extra fee or surcharge, in addition to the insurance premium, for the execution, delivery or filing of such certificate.

(m) Proof When Made By Endorsement. --Any motor vehicle liability policy which by endorsement contains the provisions required hereunder shall be sufficient proof of ability to respond in damages.

(Source: P.A. 85-730.)